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8 UNITED STATES BANKRUPTCY COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10

11 In re:  
12 Itkin & Sabadash,  
13 Debtor,  
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No. 2:25-bk-11235-NB

Hon. Neil W. Bason

**PUTATIVE PARTNER  
ALEXANDER SABADASH'S  
MOTION FOR FEES AND  
DAMAGES, UNDER 11 U.S.C. §  
303(I) AND SANCTIONS UNDER  
FRBP 9011 AND THE COURT'S  
INHERENT POWER**

Hearing Date: August 5, 2025

Hearing Time: 11:00 a.m.

Filed concurrently with:

1. Declaration of Michael Zorkin;
2. Declaration of Alexander Sabadash;
3. Declaration of Andy Wood;
4. Request for Judicial Notice.

**NOTICE OF MOTION AND MOTION**

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on August 5, 2025 at 11:00 a.m. in Courtroom 1545 of the above captioned court, located at 255 E. Temple Street, Los Angeles, CA 90012, Putative Partner of Alleged Debtor Alexander Sabadash will move for sanctions under Fed. R. Bank. P. 9011 and the Court's inherent authority.

This motion is made because the involuntary petition and each joinder to the involuntary petition was signed and presented to the court for an improper purpose. FRBP 9011(b)(1).

The claims, defenses, and other contentions were not warranted by existing law or by nonfrivolous argument to extend, modify, or reverse existing law. FRBP 9011(b)(2). The allegations and factual contentions did not have evidentiary support. FRBP 9011(b)(3).

Putative Partner seeks sanctions from Garry Itkin, Daniel McCarthy, and Joseph Caseres jointly and severally.

Mr. Sabadash seeks \$78,485 in fees and asks the Court to award any additional amount to deter future conduct.

LBR 9013-1(f) requires a written response to be filed and served at least 14 days before the hearing.

The motion is based on this notice of motion and motion, the accompanying memorandum of points and authorities and declarations, the request for judicial notice, any evidence or argument presented at the hearing, and any papers on file with the Court.

Dated: July 1, 2025

THE ZORKIN FIRM

By: /s/ Michael Zorkin

Michael Zorkin  
Attorneys for Putative Partner  
Alexander Sabadash

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## INTRODUCTION

Alexander Sabadash seeks sanctions because this involuntary bankruptcy petition was a misuse of the court system—filed not for a proper bankruptcy purpose, but to dodge unfavorable rulings from the Jersey Court. Mr. Itkin and his attorneys knew that no partnership existed and that the alleged debts were hotly contested. Yet, they filed anyway, banking on deception to halt ongoing litigation abroad.

Sanctions under Rule 9011 are equally justified against Mr. McCarthy and Mr. Caseres. The petition was undeniably filed in bad faith, intended to stall Jersey court proceedings, evade payment of court-ordered fines, and engage in blatant forum-shopping. Both attorneys neglected their fundamental duty to conduct a proper investigation into the legitimacy of the claims. Instead, they recklessly advanced claims rooted in fraud and forgery, accepting dubious evidence without scrutiny.

Given this egregious and calculated misconduct, the Court should award sanctions against Mr. Itkin, Mr. McCarthy, and Mr. Caseres jointly and severally.

Any lesser sanction risks emboldening similar misuse, degrading public confidence in the judicial system, and transforming legitimate legal remedies into tools for gamesmanship and delay.<sup>1</sup>

## FACTUAL AND PROCEDURAL BACKGROUND

### **A. Meeting and hiring Mr. Itkin.**

The Sabadash family met Mr. Itkin, a Los Angeles tax preparer, in the 1990's. Mr. Itkin began doing taxes for the Sabadashes and the families became friends. Around 2000, Mr. Sabadash asked Mr. Itkin to move to Russia and work for his companies performing various tasks centered on accounting and tax services.

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<sup>1</sup> Mr. Sabadash recognizes that the arguments in this motion and the concurrently filed motion for fees overlap in some, but not all, respects. This motion is brought separately because Rule 9011(c)(2)(A) requires this motion to be “made separately from any other motion or request.”

1 (Sabadash Decl., ¶ 2.) Mr. Sabadash offered Mr. Itkin a generous salary and Mr.  
2 Itkin began receiving \$50,000 per month as soon as he began working for Mr.  
3 Sabadash. (Sabadash Decl., ¶ 3; Zorkin Decl., Ex. 1, Itkin Dep. Tr., 148:15-149:1.)

4 When Mr. Itkin was hired in May 2000, Mr. and Mrs. Sabadash issued Mr.  
5 Itkin a power of attorney. (Zorkin Decl., Ex. 6; Sabadash Decl. ¶ 1.) This document  
6 specified that Mr. Itkin was to “manage [the Sabadash’s] property arising out of [the  
7 Sabadash’s] interests in said companies” in exchange for “fees to [Mr. Itkin].”

8 From 2000 to 2016, Mr. Itkin worked for Mr. Sabadash as an accountant and  
9 financial manager. To enable Mr. Itkin to perform his duties, Mr. Sabadash  
10 appointed Mr. Itkin as a director of various corporations which required Mr. Itkin’s  
11 services. (Sabadash Decl. ¶ 1-3, RJN Ex. 3.)

12 **B. Mr. Itkin’s removal from his corporate positions.**

13 In around 2014, Mr. Itkin hatched a scheme to take over nearly all of the  
14 Sabadash family assets by exploiting his positions of trust as director of various  
15 Sabadash companies. For instance, between 2014 and 2016, he stole money from  
16 bank accounts, transferred corporate shares to himself, mortgaged Mr. Sabadash’s  
17 assets, and created various contracts and promissory notes that effectively locked  
18 down all of Mr. Sabadash’s assets. (Sabadash Decl. ¶ 8-10.) Mr. Itkin believed that  
19 in Mr. Sabadash’s absence he could do this in secret and that Mrs. Sabadash would  
20 be unable to defend the family. And he almost got away with it.

21 Mr. Itkin’s plan is striking because he did much more than just lay claim to  
22 Mr. Sabadash’s business assets. He took control (on paper) of the Sabadash family  
23 home where Mrs. Sabadash lives with her two children. This has caused  
24 unimaginable strain on Mrs. Sabadash whose life has been put on hold by Mr.  
25 Itkin’s betrayal and who continues to pay the substantial mortgage, property taxes,  
26 and all expenses for this home.

27 After Mr. Itkin’s abuses of trust and misappropriation of assets surfaced, he  
28

1 was officially voted out from his positions as director of all companies by Mr.  
2 Sabadash. (Sabadash Decl. ¶ 8-10.) Mr. Itkin disputed the shareholder vote was  
3 legitimate but never mentioned a partnership. (*Id.* ¶ 11.)

4 **C. Mr. Itkin invents a partnership as a defense.**

5 The first time anyone heard about a partnership, was Mr. Itkin's 2017 cross-  
6 complaint against Mr. Sabadash. (Sabadash Decl. ¶ 12.) Mr. Itkin came up with a  
7 defense—that back in 1998 he and Mr. Sabadash formed an oral partnership. Mr.  
8 Itkin, a tax preparer at the time, claims he was promised a one-third interest in the  
9 Sabadash business empire worth hundreds of millions of dollars. Per Mr. Itkin, this  
10 alleged 20-year-old promise allowed him to take whatever Sabadash assets he  
11 wanted, including money and corporate shares, purportedly as payment for his  
12 services, all without consequence. And Mr. Itkin did not document this deal of a  
13 lifetime in any way.

14 After extensive discovery and a three-day deposition, Mr. Itkin's partnership  
15 theory fell apart. For example, Mr. Itkin never agreed to share in the losses of the  
16 partnership. (Zorkin Decl., Ex. 1, Itkin Dep. Tr., 629:10-17; 156:22-157:11; 160:3-  
17 11.) To the contrary, his draw was supposedly guaranteed, meaning that even if the  
18 partnership lost money, Mr. Itkin would get his share, and Mr. Sabadash, a two-  
19 thirds partner, would get nothing. Unsurprisingly, Mr. Itkin admitted that he never  
20 received this promised “partnership” share. (*Id.*, 159:3-8; 527:22-25.)

21 And though Mr. Itkin will claim that he took part in managing the Sabadash  
22 businesses, his sworn testimony tells a different story. Mr. Itkin admitted that he  
23 only worked with Mr. Sabadash's non-Russian entities. Mr. Itkin testified that he  
24 didn't manage any business in Russia, was not a signatory to any Russian bank  
25 accounts, and “had no clue” how money in Russia was made. (*Id.*, 93:20-95:9;  
26 180:12-15; 485:19-486:1.)

27 In fact, all Mr. Itkin knew about Mr. Sabadash's businesses is how much  
28

1 money was deposited into the European bank accounts, which Mr. Itkin used mainly  
2 to pay Mr. Sabadash's bills. (*Id.*)

3 Mr. Itkin also admitted that the partnership did not formally exist. The  
4 partnership never owned a single asset. The partnership never filed a tax return (as  
5 all partnerships are required to do). (*Id.*, 50:9-21; 505:15-19.) The partnership  
6 never had a bank account and Mr. Sabadash was always listed as the owner of  
7 corporate accounts, even on accounts opened by Mr. Itkin. And Mr. Itkin, without  
8 fail, referred to Mr. Sabadash as the beneficial owner of each company. (*Id.*, 78:13-  
9 79:9; 171:9-19; 505:5-14.)

10 Every corporate document Mr. Itkin ever created confirmed that he had no  
11 ownership interest. Whether they were employment agreements or various  
12 guarantees and corporate resolutions, Mr. Itkin always listed Mr. Sabadash as the  
13 owner. Indeed, when Mrs. Sabadash asked Mr. Itkin to meet with her lawyer and  
14 accountant and disclose the extent of Mr. Sabadash's holdings, he identified Mr.  
15 Sabadash – not himself or any alleged partnership – as the 100% owner. (Zorkin  
16 Decl., Ex. 7.)

17 **D. The Golden Sphinx bankruptcy.**

18 The facts surrounding Golden Sphinx's bankruptcy are known to the parties  
19 and this court. As a quick refresher, Golden Sphinx, and in turn New Albion, were  
20 both assets of the Amber Trust—a trust formed by Mrs. Sabadash in 1996 to protect  
21 the family's assets (years before Mr. Itkin began working for Mr. Sabadash). Mr.  
22 Sabadash has never been a shareholder; the trustees of the trust hold the shares of  
23 Golden Sphinx. (Itkin Dep. Tr., 322:16-25.)

24 Mr. Itkin was removed from the board of Golden Sphinx by the trustees of the  
25 Amber Trust (and shareholders of Golden Sphinx) in 2017.

26 This Court has recognized the Golden Sphinx Jersey liquidation as the foreign  
27 main proceeding and the liquidation is proceeding in the Jersey Court. Mr. Itkin's  
28

1 repeated attempts to stall the Jersey proceeding have been rejected by the Jersey  
2 Court. Mr. Itkin was ordered to pay £78,432 in costs by February 24, 2025 and also  
3 provide evidence for his baseless defenses. (Wood Declaration, Ex. AW2.) In a  
4 transparent attempt to flout the court's order, Mr. Itkin filed this petition instead.

5 **E. Involuntary Chapter 7 bankruptcy.**

6 Dissatisfied with this Court's orders recognizing the Golden Sphinx  
7 bankruptcy and with the Jersey Court's multiple orders against him including  
8 sanctions, Mr. Itkin tried to reverse those orders by filing an involuntary petition  
9 against the non-existent partnership. This Court dismissed the involuntary petition  
10 in a memorandum decision and order. (Dkts. 75 and 76.)

11 **ARGUMENT**

12 **I. MR. MCCARTHY AND MR. CASERES SHOULD BE SANCTIONED**  
13 **UNDER RULE 9011 FOR FAILURE TO INVESTIGATE AND**  
14 **REPRESENTING TO THE COURT THAT THE PETITION AND**  
**JOINDERS HAD MERITS.**

15 “Our legal system depends on officers of the court not to lie or act with wanton  
16 and reckless disregard for the truth.” *In re GL Master Inc.*, No. 2:18-BK-24302-NB,  
17 2022 WL 34686, at \*15 (Bankr. C.D. Cal. 2022) (Bason, J.). To protect “the integrity  
18 of the bankruptcy system” courts can award sanctions under FRBP 9011. *Id.* at \*1.

19 “The purpose of Rule 9011 is to encourage counsel to avoid a groundless filing  
20 or pleadings filed for improper purposes, primarily through the imposition of  
21 sanctions.” *In re Cadena*, 634 B.R. 1038, 1053–55 (Bankr. C.D. Cal. 2022).

22 “In determining whether sanctions are warranted under Rule 9011(b),  
23 bankruptcy courts must consider both frivolousness *and* improper purpose on a  
24 sliding scale, where the more compelling the showing as to one element, the less  
25 decisive need be the showing as to the other. A claim is frivolous if it is both  
26 baseless and made without a reasonable and competent inquiry. The inquiry is an  
27 objective one that considers whether the attorney acted in a manner that a  
28 reasonably competent attorney admitted to practice before the court would.” *In re*



1 *GL Master Inc.*, 2022 WL 34686, at \*14 (emphasis original, cleaned up). A petition  
2 need not be “wholly frivolous” to be sanctionable. *In re Marsch*, 36 F.3d 825, 830  
3 (9th Cir. 1994).

4 As Judge Tighe recently explained, “Any attorney who practices in  
5 bankruptcy should be aware of the threshold requirement needed by creditors to file  
6 a proper involuntary bankruptcy petition. Similarly, bankruptcy attorneys should  
7 be aware that the consequences for filing an improper involuntary bankruptcy  
8 petition can be severe.” *In re Cadena*, 634 B.R. at 1053–55.

9 Here, the record shows that neither Mr. McCarthy nor Mr. Caseres made a  
10 reasonable inquiry into the facts or law before filing the petition, joinders to the  
11 petition, and proofs of claim. And sanctions are warranted even if, as expected, the  
12 attorneys argue that they relied on Mr. Itkin’s representations. “Blind reliance” on  
13 client’s representations is not a reasonable inquiry. *Hendrix v. Naphtal*, 971 F.2d  
14 398, 400 (9th Cir. 1992); *Childs v. State Farm Mut. Auto. Ins. Co.*, 29 F.3d 1018,  
15 1026 (5th Cir. 1994).

16 Although Rule 9011 imposes a safe harbor requirement, it has an exception  
17 for petitions. “A party seeking sanctions based on the filing of a petition need not  
18 comply with the safe harbor requirement by first giving the other party an  
19 opportunity to withdraw the offending document.” *In re Meltzer*, 516 B.R. 504, 520  
20 (Bankr. N.D. Ill. 2014).<sup>2</sup>

21 **A. Mr. McCarthy and Mr. Caseres presented the involuntary petition**  
22 **and joinders for an improper purpose.**

23 Courts routinely sanction attorneys for filing involuntary petitions for an  
24 improper purpose. *Keiter v. Stracka*, 192 B.R. 150, 155 (S.D. Tex. 1996)

25  
26 <sup>2</sup> Analysis of bad faith under § 303(i) and improper purpose under Rule 9011(b)(1)  
27 overlap. *In re Meltzer*, 516 B.R. 504, 520 (Bankr. N.D. Ill. 2014). Therefore, Mr.  
28 Sabadash incorporates all arguments made in his motion for fees to support his  
request for sanctions.

1 (“involuntary petition was filed for an improper purpose which could be punished by  
2 sanctions under Rule 9011.”); In re Cadena, 634 B.R. at 1053–55.

3 Mr. Itkin filed this petition to escape the jurisdiction of the Jersey court after  
4 the Jersey court ordered Mr. Itkin to substantiate his defenses and to pay Golden  
5 Sphinx £78,432. (Wood Decl., ¶ 3-9.) Mr. Itkin delayed responding to basic requests  
6 for information since October 2024 forcing Golden Sphinx to move to compel  
7 compliance. (Wood Decl., ¶ 10-14.) In response, the Jersey court ordered Mr. Itkin  
8 to respond and pay sanctions. (*Id.*, Ex. AW2.) Mr. Itkin again asked for another  
9 continuance claiming that he had no opportunity to speak with or take advice from  
10 his Jersey and U.S. counsel on account of the Palisades fires. (*Id.*) The Jersey court  
11 granted another continuance ordering Mr. Itkin to respond and pay by February 24,  
12 2025.

13 But as is now apparent, contrary to Mr. Itkin’s representations that he was  
14 unable to confer with his counsel, he was scheming behind the scenes with his  
15 Russian cronies to stall the Jersey case with this petition, which he filed two days  
16 after the Jersey Court’s order. Mr. Itkin’s counsel concurrently represented to the  
17 Jersey Court that there is a bankruptcy stay preventing the Jersey Court from  
18 moving forward. (Wood Decl., ¶ 18.)

19 Subsequently, the Jersey Court realized it was misled stating,  
20 “Notwithstanding Mr Itkin’s apparent inability to consult with his US lawyers,  
21 within 2 days of my orders, he managed to engage with US lawyers and to file a  
22 bankruptcy petition in relation to the alleged partnership.” (Wood Decl., Ex. AW3.)

23 The forum-shopping is readily apparent from Mr. Itkin’s counsel’s arguments  
24 at the hearing. Mr. McCarthy argued that the Golden Sphinx Chapter 15  
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1 proceeding was wrongly being considered in Jersey and that Mr. Itkin's defense of  
2 trying to create a partnership should be heard in in California:<sup>3</sup>

3 This proceeding concerning a California general  
4 partnership that's on California property involves issues  
5 that should be determined here. The idea that you should  
6 defer to the Jersey court to determine whether a  
7 partnership existed under California law really is  
backwards. That's an issue that you should take on and  
that Jersey court should defer to you.

8 (Zorkin Decl., Ex. 20, April 22, 2025, Hr. Tr. 15:6-12.)

9 Mr. McCarthy all but admitted this involuntary was filed for an improper  
10 purpose:

11 [W]hat this involuntary really is about is putting the issues  
12 before the proper court to be determined; again, whether  
13 there's a partnership under California law and whether  
14 that partnership owns California real property. Your  
Honor, you're the one to make that determination or relief  
from stay should be granted for it to be determined in state  
court.

15 (April 22, 2025, Hr. Tr. 16:12-19.)

16 Thus, according to Mr. McCarthy, Mr. Itkin was unhappy with this Court's  
17 order recognizing the Golden Sphinx Chapter 15 bankruptcy and this Court's order  
18 denying Mr. Itkin relief from stay in the Golden Sphinx bankruptcy. Rather than  
19 appeal the Golden Sphinx orders, he filed an involuntary proceeding for a made-up  
20 entity specifically to get out of Jersey.

21 This petition is not only an improper forum-shopping attempt but is also a  
22 misguided collateral attack on this Court's orders recognizing the Golden Sphinx  
23 Chapter 15 proceeding and denying Mr. Itkin's motion to lift stay. Mr. Itkin knew  
24 that *this* Court already ruled that the Beverly Hills residence is part of Golden  
25 Sphinx's estate that will be administered in Jersey. (Related Case No. 2:22-bk-

26  
27 <sup>3</sup> Mr. Atabek, one of four of Mr. Itkin's lawyers who acted as a creditor in this  
28 matter, also argued that the proper forum is here, claiming it would not be a "heavy  
lift" to hold a trial in this court. (April 22, 2025, Hr. Tr. 19:13-23.)

1 14320-NB, Dkt. 42.) This did not stop him from alleging that the Beverly Hills  
2 residence is the Alleged Debtor's principal asset.<sup>4</sup> There was thus no legitimate  
3 reason to file this petition when the only asset of the Alleged Debtor is administered  
4 in Jersey under this Court's order. This Court may make a reasonable inference  
5 that Mr. Itkin filed this petition to circumvent this Court's order recognizing the  
6 Golden Sphinx Chapter 15 proceeding.

7 The Ninth Circuit has imposed sanctions for this type of conduct, and so  
8 should this Court. *In re Grantham Bros.*, 922 F.2d 1438, 1442 (9th Cir. 1991)  
9 (imposing sanctions for filing an adversary proceeding which was an impermissible  
10 collateral attack on a previous bankruptcy court order). As the Ninth Circuit  
11 explained, the proper action when dissatisfied with a bankruptcy court's order is "to  
12 seek any review, reconsideration, or stay." *In re Grantham Bros.*, 922 F.2d at 1442.  
13 Mr. Itkin did none of those things and cannot achieve the same result through an  
14 involuntary petition.

15 **B. Mr. McCarthy and Mr. Caseres knew that the debts were in bona**  
16 **fide dispute.**

17 Courts routinely sanction attorneys for filing involuntary petitions that are in  
18 bona fide dispute. *In re Meltzer*, 516 B.R. at 520 (sanctions awarded where "the  
19 petition's main purpose was to delay the eviction action."); *In re Fox Island Square*  
20 *P'ship*, 106 B.R. 962, 969–70 (Bankr. N.D. Ill. 1989) (sanctions awarded where a  
21 reasonable inquiry would have shown that the debts were disputed).

22 Mr. Itkin knew that the very existence of a partnership and thus any debts of  
23 the partnership were in dispute. (Sabadash Decl., ¶2.) Mr. Itkin was removed from  
24 his director and officer positions in Mr. Sabadash's corporations in 2016. (Sabadash  
25 Decl., ¶ 8-9.) Mr. Sabadash then sued Mr. Itkin for fraud and breaches of fiduciary

26  
27 <sup>4</sup> This residence is the Sabadash's family home where Mrs. Sabadash has lived with  
28 her children since its purchase in 2004. Mr. Itkin did not include his own home as a  
"partnership" asset.

1 duties and Mr. Itkin countersued for breach of duty and judicial dissolution of  
2 partnership. (*Id.*, 12.) The litigation was hotly contested: Mr. Itkin's motion for  
3 summary judgment to establish a partnership was denied and case went to a jury  
4 trial that was interrupted by the Covid pandemic. (*Id.*, 12.) There is thus no  
5 credible argument that the existence of the partnership was not in bona fide dispute.

6 Mr. Itkin's main argument for the existence of the partnership was claim  
7 preclusion based on lawsuits filed in Russia and California by Elena Gofman. Mr.  
8 Itkin argued Mr. Sabadash is precluded from arguing that no partnership exists.  
9 But Mr. Itkin already made an identical argument in state court in his motion for  
10 summary adjudication. (Zorkin Decl., Ex. 25, RJN.). The court denied Mr. Itkin's  
11 motion because "collateral estoppel issues are in dispute regarding the prior actions  
12 filed by Elena Gofman." (*Id.*, Ex. 26, RJN.) This shows that there was a bona fide  
13 dispute even for the effect of Gofman's lawsuits on the existence of the partnership.  
14 Yet Mr. Itkin stubbornly insists that the Gofman lawsuits are dispositive even  
15 though he cannot meet any elements of claim preclusion.

16 And Mr. Itkin's efforts to establish the elements of the doctrine were half-  
17 hearted at best. The only element of res judicata Mr. Itkin addressed in his  
18 opposition was privity. (Dkt. 16, Itkin Opp., at 14-16.) Mr. Itkin did not address  
19 either the requirement that there be an identical cause of action (for claim  
20 preclusion) or that an identical issue was litigated and necessarily decided (for issue  
21 preclusion). (*Id.*) Nor did Mr. Itkin mention the public policy behind claim  
22 preclusion as articulated by the California Supreme Court. This shows that Mr.  
23 Itkin (and his counsel) did not sincerely believe in the application of claim  
24 preclusion.

25 What is more, Mr. Itkin argued in the Russian court that "Sabadash, as an  
26 individual, is neither a party to the said agreement nor a party to the present case,"  
27 making his privity argument to this Court frivolous. (Zorkin Decl., Ex. 19.)  
28

1 And Mr. Itkin’s reliance on the Information Summary in lieu of the actual  
2 opinion of the Russian court provides more evidence of bad faith. Mr. Itkin tried to  
3 steer the Court away from the actual court of appeal ruling by citing the Information  
4 Summary as if it were the Court’s ruling. Indeed, the Opposition did not even  
5 submit the Court’s ruling as an exhibit. That aside, asking this Court to rely on a  
6 summary of a legal opinion – that inexplicably includes facts and legal analysis not  
7 found in the actual opinion – is frivolous on its face.

8 And this is the likely reason Mr. Itkin tried to hoodwink this Court into ruling  
9 based on a summary—to avoid harmful language from the actual opinion. As this  
10 Court recognized:

11 You’ve got statement by one - or the information summary  
12 that seems to say one thing and yet, what it’s purporting to  
13 summarize seems to me to say the opposite.

14 (Zorkin Decl., Ex. 21, June 3, 2025 Hr. Tr., 43:13-16.)

15 Mr. Itkin continued to misrepresent the facts in his supplemental brief,  
16 repeatedly referring to the Information Summary’s recitation of the facts as holdings  
17 of a court. (Dkt. 45, Supp. Brief, 5:2-6:9.) The Information Summary cannot “hold”  
18 anything and the “holdings” identified by Mr. Itkin were simply general facts of the  
19 case as alleged by Gofman. No reasonable lawyer could mistake these background  
20 facts for a holding.

21 Not to mention that even if this Summary were real, and Mr. Sabadash has  
22 no basis to believe that it is, Mr. Itkin gave no notice that he asked for the Summary  
23 and did not allow Mr. Sabadash to participate in the process.<sup>5</sup> He then tried to use  
24 the summary for preclusive effect. This is frivolous.

25  
26  
27 <sup>5</sup> The Information Summary does not appear on the docket of the Gofman case  
28 casting doubt on its authenticity. (See Zorkin Decl. ¶ 18-19.)



1           **C. Mr. McCarthy and Mr. Caceres did not conduct a reasonable**  
2           **inquiry into creditors' claims before filing the petition and**  
3           **joinders.**

4           Rule 11 imposes a mandatory prefiling investigation requirement. “The  
5           reasonable inquiry test is meant to assist courts in discovering whether an attorney,  
6           after conducting an objectively reasonable inquiry into the facts and law, would have  
7           found the complaint to be well-founded.” *Holgate v. Baldwin*, 425 F.3d 671, 677 (9th  
8           Cir. 2005).

9           Courts routinely sanction attorneys who file petitions without a reasonable  
10          inquiry. *In re Caden*a, 634 B.R. at 1054 (sanctions awarded for filing an involuntary  
11          petition without a proper inquiry); *Keiter v. Stracka*, 192 B.R. at 155 (sanctions  
12          awarded where attorney “failed to adequately investigate and research the basis for  
13          filing the involuntary petition.”)

14                       1. Gofman (Claim no. 6.)

15          The facts show that a reasonable lawyer upon a reasonable inquiry would not  
16          have relied on Ms. Gofman’s claims and would not have signed a joinder to the  
17          petition on Gofman’s behalf as a creditor.

18          Mr. McCarthy did not conduct a proper investigation, otherwise he would  
19          have known Mr. Itkin paid Gofman to file the Russian lawsuit. Rather than conduct  
20          a proper investigation consistent with Rule 9011, Mr. McCarthy tried to cast the  
21          blame on Mr. Sabadash, claiming Mr. Itkin was blindsided. But the evidence of  
22          payment has always been in Mr. Itkin’s possession—Mr. Itkin made the payments.  
23          Neither did Mr. McCarthy’s investigation reveal that Mr. Itkin told the Russian  
24          cassation court that the Gofman judgment has been satisfied. (Zorkin Decl., Ex.

1 19.)<sup>6</sup> Mr. McCarthy cannot blindly carry out his client's demands with no  
2 investigation. *Hendrix v. Naphtal*, 971 F.2d 398, 400 (9th Cir. 1992).

3 Mr. Caseres' investigation was no better. Mr. Caceres' investigation did not  
4 reveal that Gofman was paid by Mr. Itkin to initiate the lawsuit and that the  
5 signatures on the Gofman documents were forged, which Gofman did not deny in her  
6 declaration. (Dkt. 62, Gofman Decl.) Neither did he learn that Gofman represented  
7 to the cassation court that the judgment was satisfied. (Zorkin Decl., Ex. 19.)<sup>7</sup>

8 In reciting the "partnership's" contentions on appeal, the Cassation Court  
9 stated:

10 "In the response to the cassation appeal, the respondent,  
11 represented by managing partner G.Yu. Itkin, stated that  
12 . . . the court decision in this case *has been fully satisfied*  
13 by the respondent."

14 Later, in the holding, the Cassation Court explained:

15 "Furthermore, as stated by the claimant [Gofman] and  
16 the respondent's representative [Itkin] at the cassation  
17 court hearing, the court decision in this case, which has  
18 entered into legal force, *has been fully satisfied*."

19 In other words, Mr. Itkin affirmatively represented to the Russian court that  
20 the judgment has been paid. Yet here both Mr. Itkin and Gofman submitted sworn  
21 declarations contending Gofman is a creditor of the "partnership."<sup>8</sup>

22 The fact that Mr. McCarthy and Mr. Caseres allowed Gofman to be a creditor  
23 in this matter all but mandates imposing sanctions.

24 <sup>6</sup> The other possibility is that Mr. McCarthy knew the facts and chose to conceal  
25 them from this Court.

26 <sup>7</sup> The other possibility is that Mr. Caseres knew the facts and chose to conceal them  
27 from this Court.

28 <sup>8</sup> The cassation court opinion is in both Mr. Itkin's and Gofman's possession as they  
were both parties to the case and appeared at the hearing. They chose not to  
present it to this Court.



2. Aleksandr Grant (Claim No. 11).

Claim No. 11 is a special case and is more egregious than even the Gofman fraud. Mr. Caseres submitted to this court a proof of claim for a debt purportedly based on a Russian arbitration decision issued in 2021 titled *Davilla Investing Limited v. Golden Spirits Limited, AFB Trading One, Inc., and Golden Sphinx Limited* (“Davilla Arbitration”). The decision appears to resolve a dispute between several corporations who are not parties to this proceeding.<sup>9</sup>

This “decision” is a sham. This case was *dismissed* in 2021—there was no hearing and judgment. Mr. Sabadash’s counsel, Mr. Zorkin, took part in representing the Defendants in the Davilla Arbitration. (Zorkin Decl. ¶ 22-25.) Mr. Zorkin received a letter from the arbitrator, Mr. Knyazev, stating that a private arbitration hearing<sup>10</sup> was set for August 25, 2021. (*Id.*) Mr. Zorkin, on behalf of the Defendants, sent Mr. Knyazev three formal objections. (*Id.*) The first contested the jurisdiction of the arbitrator to hear the dispute because defendants were not parties to any arbitration agreement. The second objected on the ground that defendants have not received any documents substantiating Plaintiff’s claims and questioned the validity of any such documents. The third raised a defense based on the statute of limitations as the alleged debts arose in 2010. (*Id.*)

Mr. Zorkin was on the phone with Russian attorneys at 2 a.m. ready to log on to Skype to attend this supposed arbitration. (*Id.*) Defendants’ Russian attorneys went to the address listed by the arbitrator while in contact with Mr. Zorkin by phone. The attorneys knocked on the door of the office designated by the arbitrator, but no one answered the door. (*Id.*)

<sup>9</sup> The proof of claim does not explain who creditor Aleksandr Grant is or how this judgment was connected to a partnership.

<sup>10</sup> This is in contrast to Russian business courts which are called “arbitrazh” courts and are frequently translated into English as “arbitration.”

1 Then, about ten minutes after the hearing was scheduled to start, the  
2 arbitrator emailed Mr. Zorkin attaching a decision dismissing the case based on  
3 Defendants' objections. The arbitrator found that he lacks jurisdiction to hear the  
4 case based on objections submitted by defendants. (*Id.*, Ex. 22.) Worse yet—the  
5 arbitrator copied Mr. Itkin on the email attaching the order of dismissal. (*Id.*, Ex.  
6 23.)

7 This case was dismissed on August 25, 2021. But Mr. Caseres, no doubt in  
8 coordination with Mr. Itkin, submitted to this Court a decision purporting to be from  
9 the same arbitrator. (Zorkin Decl. Ex. 24, Claim 11.) He then signed a joinder based  
10 on this fake decision. (Dkt. 64.)

11 This fake decision states that defendants appeared at a hearing on August 31,  
12 2021. (Zorkin Decl. Ex. 24.) This never happened.

13 Although the case had nothing to do with either Mr. Itkin, Mr. Sabadash, or  
14 the partnership, the fake decision made several peculiar factual findings that appear  
15 to support Mr. Itkin's position in this case, including incorporating allegations from  
16 the Gofman case. (*Id.*)

17 Submitting a fake decision to this Court in support of an involuntary petition  
18 is plainly sanctionable.

19 At the very least, Mr. Caseres must explain what he did to verify this claim.  
20 When was he retained by Grant? What investigation did he conduct? What  
21 documents did he receive proving he was a creditor? What communications did he  
22 have with Grant? Or did he receive everything from Mr. Itkin?

23 3. Russian Lawyers (Habarova (claim 7), Shadaev (claim 8),  
24 Samsonova (claim 9).)

25 Upon proper inquiry, Mr. Caseres would have realized that three attorneys  
26 could not have billed \$113,594 to “defend” the partnership in a single Russian case.<sup>11</sup>

27  
28 <sup>11</sup> Habarova \$26,416 (Claim 7), Shadaev \$44,435 (Claim 8), Samsonova \$42,743 (Claim 9).

1 A reasonable inquiry of court records available to Mr. Caseres would have revealed  
2 that the three lawyers did nothing except help Mr. Itkin admit allegations and file a  
3 few motions *opposing* dismissal. In fact, only Shadaev appeared on behalf of the  
4 “partnership.” (Zorkin Decl., Ex. 17, 19; Dkt. 16-1, Itkin Decl., Ex. A.)

5 And as discussed, it is undisputed that Mr. Itkin paid Gofman \$21,000 at the  
6 exact time she sued the alleged partnership. With this in mind, no reasonable  
7 lawyer would have believed that Mr. Itkin could incur \$113,594 to “defend” a case  
8 that he paid for.

9 A reasonable inference arises that Mr. Caseres was acting on Mr. Itkin’s  
10 behalf and may never have even spoken to the five Russian nationals he purports to  
11 represent as creditors. Mr. Caseres should explain how he was retained by them.  
12 What did he do to verify their claims? What investigation did he conduct? What  
13 communications did he even have with them? Or did he receive everything from  
14 Itkin?

15 4. Ratner and Progressive Management (Claims 1 and 2).

16 A reasonable inquiry would have revealed that Ratner and Progressive  
17 Management are not entitled to compensation and their attorneys’ fees for  
18 complying with a deposition subpoena and thus are not creditors of the alleged  
19 partnership. Under California law, fact witnesses are entitled to statutory witness  
20 fees, not their hourly rates and attorneys’ fees. Cal. Civ. Proc. Code § 2020.230.  
21 There was no agreement to pay hourly rates and attorneys’ fees. (Zorkin Decl., ¶  
22 29.) And in any case, the subpoenaing party was not the alleged partnership but a  
23 corporation AFB Trading One, Inc. (plaintiff in the action in which the subpoenas  
24 were served.) (*Id.*)

25 The creditor claims are based solely on Mr. Itkin’s 2022 letter obligating the  
26 “partnership” to pay Ratner and Progressive for no legal reason (and assigning a  
27  
28

1 usurious interest rate of 12%). Any reasonable lawyer would have recognized that  
2 Mr. Itkin cannot create debt by letter years after the fact.

3 **II. MR. ITKIN, MR. MCCARTHY, AND MR. CASERES SHOULD BE**  
4 **JOINTLY AND SEVERALLY LIABLE FOR ANY AWARD.**

5 Mr. McCarthy and Mr. Caseres should be jointly and severally liable with Mr.  
6 Itkin for their conduct as described above. *See In re Cadena*, 634 B.R. at 1056–57  
7 (ordering counsel jointly and severally liable with petitioner for fees, damages, and  
8 sanctions.); *In re Fox Island Square P’ship*, 106 B.R. at 971 (same).

9 Without repeating the above, a reasonable lawyer would have, on proper  
10 inquiry, advised her client that the debt is subject to dispute and there are no  
11 grounds for an involuntary petition. Not to mention, as discussed, the creditors’  
12 claims were highly questionable. Finally, counsel admitted in court that the purpose  
13 behind this petition was forum-shopping.

14 It is also highly likely that Mr. Caseres was acting on Mr. Itkin’s behalf in  
15 this case. Mr. Caseres should explain how ten creditors, six of whom live in Russia,  
16 and are connected only through Mr. Itkin, retained his services. Mr. Sabadash  
17 believes that Mr. Itkin, and not the creditors, provided all information to Mr.  
18 Caceres.

19 In short, Mr. McCarthy and Mr. Caseres shirked their duties and should be  
20 held jointly and severally liable with Mr. Itkin.

21 **III. THE COURT SHOULD AWARD ATTORNEYS’ FEES AND ANY**  
22 **ADDITIONAL AMOUNT TO DETER FUTURE CONDUCT.**

23 Mr. Sabadash incurred \$79,365 in fees for legal work to obtain a dismissal of the  
24 petition and prosecuting this motion. (Zorkin Decl., ¶ 34-36.) This included  
25 research and analysis, factual investigation, drafting the motion to dismiss,  
26 reviewing Itkin’s opposition, drafting reply, and declarations, addressing proofs of  
27 claim, hearing attendance, and exhibit review. This is calculated as \$550 hourly for  
28 144.3 hours of work. The rates and hours are reasonable for this complex dispute

1 and the Los Angeles market. *See Zurich Am. Ins. Co. of Illinois*, 2020 WL 8610839,  
2 at \*6 (finding \$550 per hour reasonable for the Los Angeles legal market); *Perfect 10,*  
3 *Inc. v. Giganews, Inc.*, No. CV 11-07098-AB SHX, 2015 WL 1746484, at \*15 (C.D.  
4 Cal. Mar. 24, 2015), *aff'd*, 847 F.3d 657 (9th Cir. 2017) (approving up to \$690 per  
5 hour for associates and \$930 per hour for partners in 2014.)

6 Mr. Sabadash will also incur fees for analyzing the opposition, drafting the  
7 reply, and attending the hearing. He will submit a declaration for those future fees  
8 at the appropriate time.

9 Mr. Sabadash also asks the Court to award any other amount it deems  
10 appropriate to deter future similar conduct.

11 **CONCLUSION**

12 This involuntary petition was an egregious attempt at manipulating the court  
13 for an improper purpose. Sanctions are warranted.

14  
15 Dated: July 1, 2025

THE ZORKIN FIRM

16  
17 By: /s/ Michael Zorkin

18 Michael Zorkin  
19 Attorneys for Putative Partner  
20 Alexander Sabadash  
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